



Farm Service Agency



DISTRICT 5 NEWSLETTER

SEPTEMBER 2006

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LDP CHANGES FOR 2006

With harvest season fast approaching, producers need to be aware of some major changes in the Loan Deficiency Program (LDP) for the 2006 crop year.

Open Storage LDP's

For LDP purposes, beneficial interest requires the producer to retain both title and control of the grain. Control is defined as having the ability to make all decisions affecting the commodity, including risk of loss.

Producers who deliver commodities to a CCC-approved, Federally or State licensed warehouse and place the commodity in open storage **must** be able to receive from the warehouse a negotiable warehouse receipt **or** other form of acceptable production evidence on which the warehouse has certified that title and control remains with the producer.

Most Missouri State and Federal licensed warehouse do not issue negotiable warehouse receipts. Therefore, producers will be required to provide load summary sheets or delivery records which include the following statement from the warehouse: **"Title and control remains with the producer and a negotiable warehouse receipt can be issued to the producer for the quantity physically delivered to the warehouse."** This statement must be on the summary sheets and be signed and dated to be considered acceptable production evidence.

Producers who do not provide a negotiable warehouse receipt or acceptable production evidence at the time of the request for LDP will receive a certified LDP. This LDP will be subject to spot-check.

The LDP payment will be based on the rate in effect the day the LDP is requested and for the county where the grain is stored.

Unapproved Facilities

Deliveries to facilities that are not CCC-approved, State licensed or Federally licensed result in the loss of beneficial interest on the date of physical delivery. These facilities may include but are not limited to the following: feedlots, dairies, ethanol plants, etc. **The LDP payment will be based on the rate for the county where the grain is delivered or fed.**

Field Direct LDP's

One of the major changes for the 2006 crop years affects all LDP's where the grain is sold directly from the field at harvest. In past years the LDP rate was based on the rate in effect for the county where the farm records are administratively carried. **For the 2006 crop year the LDP payment will be based on the rate in effect in the county where the grain is sold, not the county where the farm records are administered.**

LDP Reminders

While these may not be changes, producers should keep the following program policies in mind.

The CCC-633EZ page 1 must be on file before losing beneficial interest in the crop. If you have any doubt about completing this form, please contact your local FSA office.

2006 Loan Deficiency Payments

In 2005, FSA rolled out a new, streamlined LDP process that included a new application form CCC-633 EZ. This form will be the only one accepted in 2006. The following is provided as a review of the new process and explains how, and when, pages of the new form should be submitted.

CCC-633 EZ (Page 1)

A single Page 1 signed by the producer covers all farms and all LDP eligible commodities in all counties, and *should be* filed before harvest or shearing. It *must* be filed before beneficial interest in the commodity is lost.

A Page 1 can be submitted to any FSA Office. The Page 1 only indicates the producer's intention to receive future LDP benefits and *is not* a request for payment.

Most County offices had producers and landowners sign during crop reporting and program signup.

CCC-633 EZ (Page 2) – Feed Grains, Minor Oilseeds, and Pulses

A separate Page 2 must be submitted each time an LDP payment is requested on a designated quantity of grain.

A Page 2 can be submitted after the grain is harvested and while it is in storage. The LDP rate per bushel will be the rate in effect on the day the Page 2 is received. A Page 2 can be submitted after beneficial interest is lost.

The LDP rate per bushel will be the rate in effect on the day(s) beneficial interest was lost.

CCC-633 EZ (Page 4) – Wool, Mohair and Unshorn Pelts

A separate Page 4 must be submitted each time an LDP payment is requested for wool, mohair, or unshorn pelts.

FOR 2006 CROP YEAR, THE CCC-633 EZ WILL BE THE ONLY LDP FORM ACCEPTED.

Counter Cyclical Payments

For those producers looking ahead to see what might be in store for counter cyclical payments for the major crops, corn and grain sorghum are possibilities. With one month remaining in the 2005 marketing year, the national average price of corn has been about \$2.00 per bushel which translates to a \$.35 per bushel cc rate. The average price for grain sorghum is about \$1.95 which is equal to the loan rate. In this case, the cc rate would be \$.27 per bushel. Direct payment advance rates were \$.28 for corn leaving a net of \$.07, and \$.189 for grain sorghum, leaving a net of \$.08 per bushel. These rates are a projection and as soon as the final prices are determined, USDA will notify the county offices, and the payment cycle can begin. This time frame will correlate closely with the final direct payments for 2006.

CRP Cover Maintenance

You are required to maintain your Conservation Reserve Program acres according to the conservation plan you agreed to with the Natural Resources Conservation Service technician. You need to make sure you:

- Have adequate approved vegetative cover to control erosion for the contract period
- Control weeds and other types of undesirable vegetation
- Take control measures outside of the primary nesting season.

Please keep in mind mowing for cosmetic purposes is prohibited. That is why it is important to review your conservation plan and talk to NRCS if you think undesirable plant species are invading your CRP land.

Commodity Loans Maturing

Reminder that 2005 commodity loans for farm stored corn and soybeans may mature in August and September. Take a second to view the condition of the grain during this weather pattern of humid air and fluctuating temperatures.

Producers planning to deliver the grain in order to repay the loan need to notify the county office prior to delivery. The county office will then issue a marketing authorization to the buyer indicating the repayment amount. **If the buyer makes the check out jointly to CCC and the producer, county offices are not allowed to endorse the check over to the producer in order to accept a personal check.**

Do not forget, grain under Commodity Credit Corporation loan cannot be removed without prior authorization or repayment. Unauthorized removal, which includes removal for cleaning for seed or planting, is a violation and is subject to monetary and administrative penalties.

NAP Coverage

The Non-Insured Crop Disaster Assistance Program (NAP) was designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting of an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance. Statute limits NAP to each commercial crop or agricultural commodity, except livestock, for which CAT is not available and is produced for food or fiber.

Producers who already have coverage on 2006 NAP crops may choose to continue coverage on the same crop or crops for 2007, if the applicable service fee is submitted by the application closing date. A new CCC-471, application for coverage is not required to be signed when applying for continuous coverage of the same crop or crops.

NAP CROP	SALES CLOSING DATES
Greens	September 01, 2006
Value Loss Crops (Ornamental Nursery, Christmas Trees, Aquaculture, Sod)	September 01, 2006
Barley	September 30, 2006
Grapes	November 20, 2006
Peaches	November 20, 2006
Honey	December 01, 2006
Potatoes	December 31, 2006
Alfalfa	March 15, 2007
Alfalfa Mix	March 15, 2007
All other grass and legumes	March 15, 2007
Pumpkins	March 15, 2007
Vegetables	March 15, 2007
Watermelon	March 15, 2007
Double Crop Soybeans	March 15, 2007

Producers who choose to add a new crop(s) or delete a crop(s) from previous year's coverage or changing crop shares must file a new CCC-471 with signatures and pay the applicable service fee.

Producers with 2006 NAP coverage must remember to complete the following to qualify for benefits:

- Timely file acreage reports and keep track of harvested production using acceptable methods. For example, bale weights or other means of determining quantities of hay are required.
- File a "Notice of Loss" within 15 days of when a loss is apparent, due to drought, hail, etc.

Managed Haying & Grazing of CRP Acreage Available

Are you short on hay or pasture this year? If your CRP cover is considered to have been established for 12 full months, you may come in to revise your CRP Conservation plan and make your request with FSA.

This regulation permits the CRP participant hay or graze CRP acres no more than 1 out of every 3 years. The participant agrees to a payment reduction based on the number of acres actually hayed or grazed times 25 percent of the per acre rental rate. Participants also agree to stay within the 90 day designated haying period of July 16 through October 13, or the 120 day grazing period of July 16 through November 12. Hay must be removed from the acreage no later than October 31st and livestock must be removed no later than November 12th.

Acreage eligible for managed haying or grazing include acres devoted to the following practices: CP-1, CP-2, CP-4B, CP-4D, CP-10, CP-18B and CP-18C. Acreage devoted to useful life easements of land within 120 feet of a stream or other permanent water body is ineligible.

Farm Storage Facility Loans

Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn. The interest rate changes each month and is fixed based on the month of approval. A seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

All farm storage facility loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower. A minimum down payment is also required. For details, contact your local county office staff.

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Official Business

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If your address has changed or have any questions about this newsletter please contact your local FSA office. Your address is pulled from your local FSA office database and mailed out to all producers within in the district.

Dates to Remember	
September 30	NAP Deadline for Wheat & Barley
September 30	Final date to late file for 2006 DCP
October 1	2007 DCP Signup begins
October 9	Office closed for Columbus Day
November 3	County Committee Election Ballots mailed
November 10	Office Closed for Veterans Day
November 11	NAP Deadline for apples, peaches and grapes
November 23	Office closed for Thanksgiving Holiday
December 4	Deadline to return County Committee election ballots

Controlled Substances

Program participants convicted under federal or state law of any planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for program payments and benefits.

If convicted of one of these offenses, the program participant shall be ineligible during that crop year and the four succeeding crop years for direct and counter-cyclical payments, price support loans, loan deficiency payments, market loan gains, storage payments, farm facility loans, Non-insured Crop Disaster Assistance Program payments or disaster payments.

Program participants convicted of any federal or state offense consisting of the distribution (trafficking) of a controlled substance shall, at the discretion of the court, be ineligible for any or all program payments and benefits:

- for up to 5 years after the first conviction
- for up to 10 years after the second conviction
- permanently for a third or subsequent conviction.

Program participants convicted of federal or state offense for the possession of a controlled substance shall be ineligible, at the discretion of the court, for any or all program benefits, as follows:

- up to 1 year upon the first conviction
- up to 5 years after a second or subsequent conviction.

Bank Account Changes (IMPORTANT!!!)

PLEASE NOTIFY THE OFFICE IF YOU CHANGE BANK ACCOUNTS! In order to make timely payments, you need to notify the office if you close your account or if another financial institution purchases your bank. Payments can be delayed if we are not aware of changes to your account and routing numbers.

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